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LISTING STATEMENT NO. 2318

LISTED NOVEMBER 8, 1968

1,883,230 Common Shares without par value, of which 50,000 shares are subject to issuance

Stock Symbol "CAO"

Post Section 6.4

Dial Quotation No. 1730

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

CARA OPERATIONS LIMITED

Incorporated under the laws of the Province of Ontario
by Letters Patent dated November 29, 1961.

COMMON SHARES WITHOUT PAR VALUE
(Transferable in Toronto, Montreal, Winnipeg and Vancouver)

CAPITALIZATION AS AT SEPTEMBER 30, 1968

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without par value of which 50,000 are subject to issuance	3,000,000	1,833,230	1,883,230
LONG-TERM DEBT			
Equipment financing contracts	—	\$679,674	Nil
7% five-year term bank loan	\$100,000	\$ 86,666	Nil
Sundry chattel mortgages	—	—	Nil

NOTE: Particulars of long-term debt are shown under the heading Notes to Consolidated Financial Statements on page 12 of the prospectus referred to in paragraph 2 hereof. The 5% Ten Year Serial Debentures there referred to have been called for redemption and will be redeemed on or before October 12, 1968.

September 30, 1968

1. APPLICATION

CARA OPERATIONS LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,883,230 common shares without par value in the capital of the Company, of which 1,833,230 are issued and are outstanding as fully paid and non-assessable. The remaining 50,000 common shares included in this application have been reserved as follows:

Stock options at \$13.00 per share granted to key executives and other employees of the Company expiring August 18, 1973	16,300
Common shares of the Company which may from time to time be optioned to key executives and other employees of the Company pursuant to the Company's Stock Option Plan	33,700

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the prospectus (hereinafter called the "Prospectus") issued by the Company under date of August 19, 1968, with respect to the offering of 531,650 common shares of the Company, a copy of which prospectus is attached hereto and is hereby incorporated in this application and made part thereof.

3. SHARES ISSUED SINCE INCORPORATION

(a) Common Shares without par value

<u>Date of Issue</u>	<u>Number of Shares Issued</u>	<u>Amount Realized per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
November 29, 1961	9	\$1	\$ 9	Incorporators shares
December 13, 1961	1,000	1	\$ 1,000	Private subscription
September 11, 1968	350,000 (Note)	12.22	\$4,277,000	Issued to Wood Gundy Securities Limited as set out in the Prospectus

NOTE: By Supplementary Letters Patent dated July 19, 1968 the 1,009 issued common shares without par value in the capital of the Company were subdivided into 1,483,230 issued common shares.

(b) 5% Non-Cumulative Redeemable Non-Voting Preference Shares with a Par Value of \$1 each (Redeemed September 11, 1968).

December 28, 1961	300,000	\$1	\$ 300,000	Private subscription
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4. OPINION OF COUNSEL

Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, 320 Bay Street, Toronto, Ontario, Counsel for the Company, are filing in support of this application an opinion stating, among other things, that (i) the Company was duly incorporated by letters patent under the laws of the Province of Ontario, has been duly organized and is a valid and subsisting corporation in good standing under the laws of the Province of Ontario; and (ii) the authorized capital of the Company consists of 3,000,000 common shares without par value of which 1,833,230 common shares are issued and outstanding as fully paid and non-assessable.

5. STATUS UNDER SECURITIES ACTS

The offering of 531,650 common shares without par value in the capital of the Company referred to in paragraph 2 hereof and in the Prospectus was qualified for sale to the public in August 1968 by registered brokers in all provinces of Canada except the provinces of Prince Edward Island and Newfoundland.

6. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchange.

7. FISCAL YEAR

The fiscal year of the Company ends on March 31 in each year.

8. ANNUAL MEETING

Under the by-laws of the Company the annual meeting of shareholders shall be held on such day in each year as the board of directors of the Company from time to time determine. The last annual meeting of the Company was held on June 26, 1968.

9. HEAD OFFICE

The head office of the Company is located at 55 York Street, Toronto 1, Ontario.

10. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Company is The Royal Trust Company at its principal offices in the Cities of Toronto, Montreal, Winnipeg and Vancouver.

11. TRANSFER FEE

No fee is charged on the transfer of the common shares other than customary stock transfer tax.

12. AUDITORS

The auditors of the Company are Messrs. McDonald, Currie & Co., 120 Adelaide Street West, Toronto, Ontario.

New and Outstanding Issue



Cara Operations Limited

(Incorporated under the laws of Ontario)

531,650 Common Shares

(without par value)

Of the 531,650 common shares offered by this prospectus, 350,000 shares are being sold by the Company and 181,650 shares are being sold by the Selling Shareholders whose names and holdings are shown under the heading "Principal and Selling Shareholders" on page 8. The Company will receive no part of the proceeds from the sale of such shares by the Selling Shareholders.

An application has been made to list the common shares on The Toronto Stock Exchange. Acceptance of the application will be subject to the filing of required documents and evidence of satisfactory distribution, both within ninety days.

In the opinion of counsel, these common shares will be an investment in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself for that purpose of the provisions of subsection (4) of Section 63 of the said Act, invest its funds.

Price: \$13.00 per share

We, as principals, offer these common shares subject to prior sale, if, as and when accepted by us and subject to the approval of all legal matters on behalf of the Company and the Selling Shareholders by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto and on our behalf by Messrs. Osler, Hoskin & Harcourt, Toronto.

	Price to public	Underwriting discount	Proceeds to Company (1)	Proceeds to Selling Shareholders (2)
Per share	\$ 13.00	\$.78	\$ 12.22	\$ 12.22
Total	\$6,911,450	\$414,687	\$4,277,000	\$2,219,763

(1) Before deduction of the Company's share of expenses of the offering estimated at \$32,000.

(2) Before deduction of the Selling Shareholders' share of expenses of the offering estimated at \$10,000.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates in definitive form will be available for delivery on or about September 11, 1968.

Wood Gundy Securities Limited

Toronto Montreal Winnipeg Vancouver Halifax Quebec Saint John
Ottawa Hamilton London Kitchener Regina Saskatoon
London, Eng. Edmonton Calgary Victoria New York

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The Company

Cara Operations Limited ("Cara" or the "Company") was incorporated as a private company under the laws of Ontario by letters patent dated November 29, 1961. The Company was formed to acquire the businesses and assets of Canada Railway News Company Limited, which commenced business in 1883, and its subsidiary, Aero Caterers Limited which commenced business in 1945. By supplementary letters patent dated July 19, 1968 the Company was converted from a private company to a public company and the authorized and issued capital were changed to their present form.

Cara, directly and through its subsidiaries (all of which are wholly-owned), operates flight kitchens for the preparation of in-flight meals as well as restaurants, cocktail lounges, coffee shops, gift shops and news stands at most of the major commercial airports in Canada and restaurants and other food services, news stands and gift shops in many of the larger railway stations. During the year ended March 31, 1968 the Company's sales totalled \$32,702,139 and net earnings amounted to \$1,079,331. These sales include \$1,176,024 directly from operations at Expo 67 in Montreal and also reflect business attributable to travel related to Expo and Canada's Centennial Year. Even without these factors, the Company anticipates sales during the current year at approximately the same level as last year. The number of employees fluctuates seasonally between 2,700 and 3,300.

The head office and principal office of the Company is at 55 York Street, Toronto 1, Ontario.

Business of Cara

The Company's business is directly associated across Canada with the travel industry and leisure time activities. For convenience of reference, the business of the Company is described below under the headings, Airports, Railways, Highways and Other Operations. For the year ended March 31, 1968 approximately 60% of sales was derived from operations at airports, 20% from railway station services and the balance from highway restaurants and other activities.

Airports

Cara operates flight kitchens for the preparation of in-flight meals at seven major airports in Canada, namely: Halifax, Montreal, Toronto, Winnipeg, Edmonton, Calgary and Vancouver. The Company also provides in-flight meal service from air terminal restaurants at Sydney, Moncton, Saint John, Regina and Saskatoon. The principal customer at each of these airports is Air Canada. Cara also caters to 19 other major commercial airlines including BOAC, American Airlines, CPA, Eastern Airlines, Western Airlines, Lufthansa, KLM and SAS as well as charter carriers and private aircraft using these airports. Meals are prepared in accordance with menu specifications established by these customers. While catering arrangements with airline customers are for the most part on a short-term basis in accordance with industry practice, the Company has been successful in retaining its major customers over the years. Cara and its predecessors have served Air Canada continuously since 1938.

At Montreal, Toronto and Vancouver, where the flight kitchens are in separate buildings, the buildings are located on airport property in close proximity to terminal buildings and as close as possible to aircraft loading areas in order to provide maximum efficiency. The building sites are held on long-term ground leases from the federal Department of Transport. At Montreal and Vancouver the ground leases are held directly by Cara which has constructed the buildings. At Toronto the ground lease is to a third party which has constructed the building to Cara's specifications and leased it to Cara.

Cara considers that its competitive position in the airline catering business is enhanced by its know-how acquired since initiating this specialized type of business in Canada, by the up-to-date layout and strategic location of its flight kitchens and through the continuing use of modern equipment which is supplied by and remains the property of Cara. These sites, particularly at the larger airports, will become increasingly important due to the growing shortage of available land at and near airports for all services related to air travel. For further particulars of the principal flight kitchen properties, reference is made to the table of principal properties of the Company on page 5.

At the 12 airports mentioned above the Company also operates concessions which may include restaurants, cocktail lounges, coffee shops, news stands, gift shops, drug stores and roomettes. At Toronto International Airport Cara operates the Aeroquay restaurant and adjoining cocktail lounge, the coffee shop, the drug store and roomettes. A similar range of activities is conducted at the Halifax, Winnipeg, Edmonton and Calgary air terminals. At the new Vancouver terminal, which is scheduled for completion in September 1968, the Company has obtained the right to operate the restaurant, coffee shop, cocktail lounge, combined book store and news stand, and combined gift, drug sundry and duty free export shop as well as roomettes. In all cases concessions at airports have been obtained on the basis of competitive tendering. The major portion of the equipment and furnishings for these premises is owned by Cara and the premises themselves are leased from the federal Department of Transport under medium to long-term leases. For further particulars of the more important of these concessions reference is made to the table of principal properties on page 5.

The Company anticipates that considerable growth will be experienced in its airport operations commensurate with expected increases in airline passenger traffic, and has formulated plans for the construction of new flight kitchens and the expansion of existing flight kitchen facilities and air terminal concessions during the period 1969 to 1971. A substantial investment is currently being undertaken to furnish and equip the concessions obtained in the new Vancouver terminal.

Railways

Cara and its predecessor company have operated restaurants and other food services, news stands and gift shops in railway stations for the Canadian National Railway Company ("C.N.R.") and its predecessors for over 75 years. At present, Cara conducts these operations in leasehold premises in approximately 17 stations from coast-to-coast in Canada.

The two largest railway stations served by Cara are Toronto Union Station and Montreal Central Station. At Toronto, the Company operates a licensed restaurant, a coffee shop, a news and gift shop, a cafeteria and a self-service snack bar. At Montreal, the facilities include a complex of coffee shop, news, gift and snack bar services.

Cara is currently supplying meals for the new Tempo train service operated by the C.N.R. between Toronto, Windsor and Sarnia and agreement in principle has been reached with the C.N.R. for Cara to provide catering services for the Toronto to Montreal run of the proposed new Turbo trains.

Highways

In response to the demand created by increasing highway travel in Canada, the Company has extended its interest in the travel field through the operation of six Voyageur Restaurants under arrangement with Imperial Oil Limited at "Esso" service centres in southern Ontario. The volume of business from these Voyageur Restaurants continues to increase and it is anticipated that further highway outlets will be added in the future.

Other Operations

As part of its planned diversification, Cara has opened a self-service restaurant in a shopping centre in suburban Edmonton and also operates a restaurant, cocktail lounge and other food services in the CN Tower, a major building complex in Edmonton.

The Company recently entered the "fast food" business by opening the first of a planned chain of self-service "Zumburger" restaurants in Toronto. It is expected that two more Zumburger restaurants will be opened during the next 12 months.

A subsidiary, Rutherford's Stores Limited, operates four drug stores; three in downtown Toronto and one at Toronto International Airport.

Plans are presently under review for the operation of motor inns.

Principal Properties

All of the Company's principal properties are held under leases or agreements to lease and the following table indicates the terms thereof and general location of such properties. Except in the case of the Vancouver flight kitchen, all of the leases and agreements to lease contain percentage rental provisions.

<u>Property</u>	<u>Initial term</u>	<u>Renewal term(s) in years (note 1)</u>
AIRPORT LOCATIONS		
Flight Kitchens		
Montreal (note 2).....	1956-1971	15+10
Toronto.....	1966-1986	10+10
Vancouver (note 3).....	1959-1979	—
Concessions		
Toronto		
Aeroquay restaurant and lounge, and coffee shop (note 4)	1964-1974	5+5
Winnipeg		
Restaurant, lounge and coffee shop.....	1963-1973	5
Vancouver		
Restaurant, lounge and coffee shop (note 5).....	1968-1988	—
Bookstore and news stand, gift, drug sundry and duty free export shop and roomettes.....	1968-1973	5
RAILWAY STATION LOCATIONS		
Montreal Central Station.....	1966-1971	5
Toronto Union Station.....	1956-1971	5

NOTES:

- (1) In the case of the airport locations and the Montreal Central Station location the rent for each renewal term may be established by the lessor at the time of renewal.
- (2) In the case of the Montreal flight kitchen the lease can be terminated by the Department of Transport on 90 days' notice if the land or any portion thereof is required for any public purpose as determined by the Minister of Transport in which event the Company is entitled to compensation as prescribed in the lease.
- (3) In the case of the Vancouver flight kitchen the rent payable under the lease is subject to review at the end of each five-year period and, failing agreement at such time, to arbitration.
- (4) In the case of the Toronto Aeroquay restaurant and lounge, and coffee shop, the rent may be adjusted annually by the lessor.
- (5) The agreement for the operation of the Vancouver restaurant, lounge and coffee shop provides for a lease for a term of 20 years, the rent being subject to review at the end of each five-year period.

Use of Proceeds

The Company wishes to raise additional capital to provide a broader equity base to finance the anticipated growth of its existing businesses and to enable it to diversify into other businesses related to leisure time activities. The expected growth of air passenger traffic will necessitate substantial investment at airport locations as referred to under the heading "Airports" on page 3. In addition, Cara plans to expand its "fast food" business and is also considering diversifying into motor inns.

Of the estimated net proceeds to Cara from the sale of common shares, amounting to approximately \$4,245,000, \$510,000 will be used to redeem at par the outstanding Serial Debentures and \$300,000 will be used to redeem at par the outstanding preference shares. The balance of the proceeds will be invested in short-term securities pending re-investment for the purposes described in the preceding paragraph. The amount of the proceeds which will ultimately be allocated to each such purpose has not yet been determined.

Capitalization

	Authorized on March 31, 1968	Outstanding on March 31, 1968	Outstanding on June 30, 1968	Authorized as at June 30, 1968 after giving effect to this financing (1)	Outstanding as at June 30, 1968 after giving effect to this financing (1)
LONG-TERM DEBT:					
7% five-year term bank loan, payable \$1,666 per month (5)	\$ 100,000	\$ 96,666	\$ 91,666	\$ 100,000	\$ 91,666
5% Ten Year Serial De- bentures	1,020,000	510,000	510,000	—	—
Sundry indebtedness (2)	—	736,824	692,861	—	692,861
SHARE CAPITAL:					
5% non-cumulative, re- deemable, non-voting preference shares with a par value of \$1 each . . .	500,000 shs.	300,000 shs. (\$300,000)	300,000 shs. (\$300,000)	—	—
Common shares without par value (3)	60,000 shs.	1,009 shs. (\$1,009)	1,009 shs. (\$1,009)	3,000,000 shs.	1,833,230 shs. (\$4,278,009)

NOTES:

- (1) This capitalization table reflects the following transactions which are to be regarded as part of this financing:
 - (a) the issue of supplementary letters patent dated July 19, 1968
 - (i) cancelling the authorized but unissued 200,000 preference shares with a par value of \$1 each, and
 - (ii) subdividing the 1,009 issued common shares and 58,991 unissued common shares into 1,483,230 issued common shares and 1,516,770 unissued common shares respectively, and
 - (b) the calling for redemption at par of all the outstanding Serial Debentures and all the outstanding preference shares concurrently with the issue and delivery of 350,000 common shares from treasury and the delivery of the 181,650 outstanding common shares offered hereby; the said Serial Debentures and the said preference shares will be redeemed within 45 days of such issue and delivery.
- (2) Sundry indebtedness is comprised of equipment financing contracts and chattel mortgages. No individual contract or chattel mortgage is for an amount greater than \$75,000. Reference is made to Note 3 to the Consolidated Financial Statements on page 12.
- (3) In addition to the paid up capital shown in this table, the Company had retained earnings of \$2,245,809 as at March 31, 1968. Of the authorized but unissued common shares, 50,000 shares have been reserved for allotment under the Company's Stock Option Plan referred to on page 7.
- (4) Reference is made to Note 4 to the Consolidated Financial Statements on page 13 for details of long-term lease commitments.
- (5) In addition to the term bank loan shown in the table, the Company has recently arranged a line of credit with its banker of up to \$500,000. This line of credit and the term bank loan are secured by an assignment of accounts receivable.

Description of Common Shares

The common shares without par value will constitute the only outstanding shares of the Company. Each holder thereof will be entitled to one vote for each common share held and to share rateably in any dividends or other distributions to shareholders. All common shares to be outstanding upon completion of the present financing will be fully paid and non-assessable.

Directors and Officers

The directors and officers of the Company are as follows:

<u>Name and home address</u>	<u>Position and office held</u>	<u>Principal occupation</u>
PAUL JAMES PHELAN 8 Old Forest Hill Road, Toronto, Ontario	President and Director	Executive, Cara Operations Limited
JOHN BOYD MATCHETT 43 Dunvegan Road, Toronto, Ontario	Executive Vice-President and Director	Executive, Cara Operations Limited

<u>Name and home address</u>	<u>Position and office held</u>	<u>Principal occupation</u>
THOMPSON MILTON PLEWES..... 51 Citation Drive, Willowdale, Ontario	Vice-President-Finance..... and Director	Executive, Cara Operations Limited
ROBERT EUGENE PHELAN..... 8 Holmdale Road, Hampstead, Quebec	Vice-President..... and Director	Executive, Cara Operations Limited
LAWRENCE HYNES..... 161 Glenrose Avenue, Toronto, Ontario	Director.....	Partner, Fraser, Beatty, Tucker, McIntosh & Stewart, Barristers & Solicitors
PAUL McLAUGHLIN..... 68 Inglewood Drive, Toronto, Ontario	Director.....	Real Estate Consultant, Canada Permanent Trust Company
CHARLES ALEXANDER PHELAN..... 1780 Dumfries Road, Mount Royal, Quebec	Director.....	Partner, Martineau, Walker, Allison, Beaulieu, Tetley & Phelan, Advocates
JOHN GORDON WEIR..... 235 Dunvegan Road, Toronto, Ontario	Director.....	Executive, Wood Gundy Securities Limited
WALTER GEORGE FRASER..... 182 Roywood Drive, Don Mills, Ontario	Secretary-Treasurer.....	Executive, Cara Operations Limited

The directors and officers have held their present business affiliations for the past five years.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company during the last fiscal year of the Company was \$206,266 and during the three months ended June 30, 1968 was \$49,225.

The estimated cost to the Company and its subsidiaries in the last fiscal year of all pension benefits proposed to be paid in the aggregate under the Company's pension plan in the event of retirement at normal retirement age directly or indirectly by the Company or its subsidiaries to the directors and senior officers was \$8,860.

Stock Option Plan

The Company has established a Stock Option Plan for key executives and other full-time employees of the Company and its subsidiaries pursuant to which 50,000 common shares without par value in the capital of the Company have been reserved for allotment. The Plan provides that if the common shares of the Company are listed on a specified stock exchange, the option price in any option granted thereafter shall not be less than 90% of the last price at which common shares were traded on such exchange on the last business day prior to the date on which such option is granted, or if common shares were not traded on such day, then not less than 90% of the mean between the bid and ask quotations for the common shares at the close of business on such day. The Plan further provides that the term of an option may not exceed five years.

It is proposed that at or before the time of the delivery of the common shares offered by this prospectus, options will be granted to senior officers of the Company covering an aggregate of 3,000 common shares and to other employees of the Company covering an aggregate of 13,300 common shares at an option price equal to the price at which common shares are offered to the public by this prospectus. Each of such options will be for a term of five years.

Principal and Selling Shareholders

The following are the names of the principal and selling shareholders and the number of common shares of Cara owned and to be sold by them respectively:

<u>Name and address</u>	<u>Type of ownership</u>	<u>Number of shares owned</u>	<u>Percentage of class outstanding</u>	<u>Number of shares to be sold by shareholder</u>	<u>Number of shares to be owned after this financing</u>	<u>Percentage of class to be owned after this financing</u>
CARA HOLDINGS LIMITED .. 55 York Street, Toronto, Ontario	Beneficial	1,086,330	73.2%	133,050	953,280	52.0%
BOYD MATCHETT, in trust 43 Dunvegan Road, Toronto, Ontario	Of record	147,000	9.9	18,000	129,000	7.0
R. E. PHELAN	Beneficial	102,900	6.9	12,600	90,300	4.9
8 Holmdale Road, Hampstead, Quebec						
T. M. PLEWES	Beneficial	73,500	5.0	9,000	64,500	3.5
51 Citation Drive, Willowdale, Ontario						
DANIEL D. PHELAN	Beneficial	44,100	3.0	5,400	38,700	2.1
45 Wilgar Road, Toronto, Ontario						
G. OTTO	Beneficial	29,400	2.0	3,600	25,800	1.4
47 Henday Bay, Winnipeg, Manitoba						
		<u>1,483,230</u>	<u>100.0%</u>	<u>181,650</u>	<u>1,301,580</u>	<u>70.9%</u>

Paul J. Phelan, a director of the Company, controls Cara Holdings Limited through the ownership of 20% of the common shares and all of the outstanding voting preference shares of that company. On that basis, the directors and senior officers of the Company as a group are deemed to own beneficially, directly or indirectly, at the date hereof 88.1% of the common shares of the Company.

Plan of Distribution

The common shares offered by this prospectus are being purchased by Wood Gundy Securities Limited, as underwriter:

- (i) as to 350,000 common shares from the Company at a price of \$12.22 per share pursuant to an agreement dated August 19, 1968 between Wood Gundy Securities Limited and the Company, and
- (ii) as to 181,650 common shares from the Selling Shareholders at a price of \$12.22 per share pursuant to an agreement dated August 19, 1968 between Wood Gundy Securities Limited and the Selling Shareholders,

in each case payable in cash against delivery on or about September 11, 1968 and upon and subject to the terms and conditions set out in the said agreements and compliance with the necessary legal requirements.

Auditors, Transfer Agent and Registrar

The auditors of the Company are McDonald, Currie & Co., Chartered Accountants, 120 Adelaide Street West, Toronto, Ontario.

The Registrar and Transfer Agent for the common shares of the Company will be The Royal Trust Company at its offices located in Toronto, Montreal, Winnipeg and Vancouver and the registers for the transfer of the common shares will be kept at these offices.

Material Contracts

The Company has entered into the following contracts in addition to contracts in the ordinary course of business:

- (1) the underwriting agreement dated August 19, 1968 with Wood Gundy Securities Limited referred to on page 8;
- (2) an agreement dated May 6, 1968 with Eaton's of Canada Limited of Toronto, Ontario providing for the purchase by the Company of furnishings and equipment for the Company's concessions at the new Vancouver air terminal for an aggregate price of approximately \$339,000; and
- (3) an agreement dated January 15, 1968 with Russell Food Equipment Limited of Vancouver, British Columbia providing for the purchase by the Company of kitchen equipment for the Company's concessions at the new Vancouver air terminal for an aggregate price of approximately \$189,000.

Copies of the foregoing contracts may be inspected at the head office of the Company, 55 York Street, Toronto, Ontario during ordinary business hours during the course of primary distribution of the common shares offered hereby and for a period of 30 days thereafter.

Dividends

The 5% Ten Year Serial Debentures of the Company referred to under the heading "Capitalization" on page 6 were issued under an indenture which prohibits the payment by the Company of dividends on its preference shares and common shares without the consent of the holders of such Debentures.

In December 1967 and July 1968 the Company paid, with the consent of such Debentureholders, dividends of five cents per share on each of the 300,000 preference shares then outstanding.

On July 18, 1968 the board of directors of the Company declared, subject to the redemption of such Debentures and the discharge of the indenture under which they were issued, a dividend of \$200 per share on the 1,009 common shares then outstanding in respect of earnings for the year ended March 31, 1968. This dividend is payable to holders of common shares of record on July 18, 1968 on the day following the redemption of such Debentures as referred to in note (1)(b) under the heading "Capitalization" on page 6.

The future dividend policy will be determined by the board of directors on the basis of earnings, financial requirements and other relevant factors.

**Cara Operations Limited
and Subsidiary Companies**

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
as at March 31, 1968**

Assets	Balance Sheet	Pro Forma Balance Sheet (note 6)
CURRENT ASSETS		
Cash.....	\$ 535,199	\$ 3,970,199
Short-term bank deposits.....	800,000	800,000
Marketable securities—at cost (quoted market value \$15,418).....	16,107	16,107
Accounts receivable.....	1,268,090	1,268,090
Inventories—at the lower of cost or net realizable value.....	957,017	957,017
Prepaid expenses.....	175,631	175,631
	<u>3,752,044</u>	<u>7,187,044</u>
FIXED ASSETS		
Land, buildings, equipment and motor vehicles (note 2).....	2,637,180	2,637,180
Leasehold improvements—at cost, less amounts written off.....	652,582	652,582
	<u>3,289,762</u>	<u>3,289,762</u>
OTHER ASSETS—at cost, less amounts written off		
Special refundable tax.....	40,693	40,693
Due from affiliated companies.....	22,865	22,865
Financing charges relating to equipment.....	61,924	61,924
	<u>125,482</u>	<u>125,482</u>
	<u>\$7,167,288</u>	<u>\$10,602,288</u>
Liabilities		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities.....	\$2,042,379	\$2,042,379
Income and other taxes.....	828,301	828,301
Current portion of long-term debt.....	419,776	317,776
	<u>3,290,456</u>	<u>3,188,456</u>
LONG-TERM DEBT (note 3).....	<u>923,714</u>	<u>515,714</u>
DEFERRED INCOME TAXES.....	<u>406,300</u>	<u>406,300</u>
Shareholders' Equity		
CAPITAL STOCK		
Authorized—		
500,000 5% non-cumulative non-voting preference shares with a par value of \$1 each, redeemable at par (pro forma—nil)		
60,000 common shares without par value (pro forma— 3,000,000 of which 50,000 are reserved for allotment under a stock option plan)		
Issued and fully paid—		
300,000 preference shares (pro forma — nil).....	300,000	—
1,009 common shares (pro forma — 1,833,230).....	1,009	4,278,009
	<u>301,009</u>	<u>4,278,009</u>
RETAINED EARNINGS.....	<u>2,245,809</u>	<u>2,213,809</u>
	<u>2,546,818</u>	<u>6,491,818</u>
	<u>\$7,167,288</u>	<u>\$10,602,288</u>

Approved on behalf of the Board:

(Signed) PAUL J. PHELAN, Director

(Signed) T. PLEWES, Director

The Notes to Consolidated Financial Statements on pages 12 and 13 are an integral part of these statements.

**Cara Operations Limited
and Subsidiary Companies**

Statement of Consolidated Earnings (Note 1)

	Year ended March 31				
	1968	1967	1966	1965	1964
SALES.....	\$32,702,139	\$25,635,492	\$21,618,632	\$17,839,978	\$15,256,855
EXPENSES:					
Operating and administrative costs.....	29,804,652	23,775,908	20,141,118	16,738,119	14,669,379
Provision for depreciation.....	580,859	422,364	367,275	358,472	291,391
Interest on long-term debt.....	94,966	87,495	85,925	82,348	109,347
Loss (profit) on disposal of fixed assets.....	(2,188)	516	3,176	62,023	10,649
	<u>30,478,289</u>	<u>24,286,283</u>	<u>20,597,494</u>	<u>17,240,962</u>	<u>15,080,766</u>
Profit for the year before taxes on income.....	2,223,850	1,349,209	1,021,138	599,016	176,089
Taxes on income.....	1,167,000	693,800	521,000	309,894	146,873
Less reduction on application of losses in prior years.....	(22,481)	(20,000)	(54,000)	(31,500)	—
	<u>1,144,519</u>	<u>673,800</u>	<u>467,000</u>	<u>278,394</u>	<u>146,873</u>
NET EARNINGS FOR THE YEAR.....	<u>\$ 1,079,331</u>	<u>\$ 675,409</u>	<u>\$ 554,138</u>	<u>\$ 320,622</u>	<u>\$ 29,216</u>

Statement of Consolidated Retained Earnings (Note 1)

	Year ended March 31				
	1968	1967	1966	1965	1964
Balance—beginning of year.....	\$1,208,015	\$ 457,370	\$ (96,768)	\$(390,328)	\$ 94,253
Add:					
Net earnings for the year....	1,079,331	675,409	554,138	320,622	29,216
Elimination of affiliated companies' losses incurred prior to acquisition (note 1).....	—	75,236	—	—	—
Deduct:					
Loss on disposal of shares and assets of The Mealmaster System Ltd.....	—	—	—	—	513,797
Goodwill written off.....	26,537	—	—	27,062	—
Dividends on preference shares.....	15,000	—	—	—	—
Balance—end of year.....	<u>\$2,245,809</u>	<u>\$1,208,015</u>	<u>\$457,370</u>	<u>\$ (96,768)</u>	<u>\$(390,328)</u>

The Notes to Consolidated Financial Statements on pages 12 and 13 are an integral part of these statements.

**Cara Operations Limited
and Subsidiary Companies**

Notes to Consolidated Financial Statements

1. BASIS OF CONSOLIDATION

The assets and liabilities of all subsidiaries have been consolidated.

The statements of earnings and retained earnings include the results of businesses operated by the Cara group of companies from their dates of acquisition. Prior to 1968, certain of the Cara businesses were operated by companies affiliated with but not subsidiaries of Cara Operations Limited. The earnings and losses of these businesses, together with charges to those companies' retained earnings, have been combined with the consolidated earnings and retained earnings of Cara Operations Limited for the years 1964 to 1967 in the accompanying statements and an appropriate adjustment has been made in the 1967 column of the statement of retained earnings.

2. FIXED ASSETS

These are classified as follows:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Land.....	\$ 45,500	\$ —	\$ 45,500
Buildings.....	1,142,252	568,265	573,987
Equipment.....	4,047,282	2,047,738	1,999,544
Motor vehicles.....	78,351	60,202	18,149
	<u>\$5,313,385</u>	<u>\$2,676,205</u>	<u>\$2,637,180</u>

Planned expenditures on fixed assets for the year ending March 31, 1969 which are not reflected in the balance sheet amount to approximately \$1,350,000. Of this amount firm commitments have been entered into to purchase furnishings and equipment amounting to approximately \$480,000.

3. LONG-TERM DEBT

Pro Forma

5% Ten Year Serial Debentures, payable in instalments of \$102,000 on December 15 of each of the years 1968 to 1970 inclusive and \$204,000 on December 15, 1971. These Debentures, which are to be redeemed as referred to in Note 6, prohibit the payment of dividends by the Company without the consent of the debenture holders. Appropriate consents have been obtained for all dividends which have been paid on the preference shares.....	\$510,000	\$ —
Equipment financing contracts, payable in monthly instalments, maturing on various dates to August 1977.....	483,667	483,667
Term bank loan, payable \$1,666 per month—secured.....	96,666	96,666
Sundry chattel mortgages at interest rates of 7% to 8½%, payable in monthly instalments, maturing on various dates from June 15, 1971 to October 1, 1976.....	253,157	253,157
	1,343,490	833,490
Less: Current portion included in current liabilities.....	419,776	317,776
	<u>\$923,714</u>	<u>\$515,714</u>

4. LONG-TERM LEASES

Minimum rentals, excluding percentage rentals based on sales, under lease agreements will aggregate approximately \$3,873,000 in the next five years.

Rentals under all leases for premises for each of the five years ended March 31, 1968 were: 1968 — \$2,243,882, 1967 — \$1,718,060, 1966 — \$1,525,423, 1965 — \$1,304,069 and 1964 — \$1,014,132.

Since March 31, 1968 the Company has obtained the right to operate facilities at the Vancouver Airport in addition to the restaurant, lounge and coffee shop. It is expected that the leases for these facilities will have an initial term of five years, with rentals to be based on sales, and with the right to renew for five years at rents to be established by the lessor. Minimum rentals under these leases will amount to \$147,000 per year.

5. DIVIDENDS DECLARED JULY 18, 1968

On July 18, 1968, the Company declared and paid a dividend of five cents per share on the 300,000 preference shares with the consent of the holders of the 5% Ten Year Serial Debentures. On the same date, the directors declared, subject to the redemption of such Debentures and the discharge of the indenture under which they were issued, a dividend of \$200 per share on the 1,009 common shares then outstanding in respect of earnings for the year ended March 31, 1968.

6. PRO FORMA CONSOLIDATED BALANCE SHEET

The pro forma consolidated balance sheet gives effect as at March 31, 1968 to the following:

- (a) the issue of supplementary letters patent dated July 19, 1968
 - (i) cancelling the authorized but unissued 200,000 preference shares with a par value of \$1 each, and
 - (ii) subdividing the 1,009 issued common shares and 58,991 unissued common shares into 1,483,230 issued common shares and 1,516,770 unissued common shares respectively;
- (b) the issue of 350,000 common shares for an aggregate cash consideration of \$4,277,000 pursuant to an underwriting agreement dated August 19, 1968 with Wood Gundy Securities Limited;
- (c) the application of part of the proceeds of the issue of 350,000 common shares to:
 - (i) the redemption at par of the \$510,000 principal amount of 5% Ten Year Serial Debentures;
 - (ii) the redemption at par of the 300,000 preference shares with a par value of \$1 each; and
 - (iii) the payment of the Company's share of the expenses of the transactions referred to in this Note 6 estimated at \$32,000; and
- (d) the reserving of 50,000 authorized but unissued common shares for allotment under the Company's Stock Option Plan.

Auditors' Report

To the Directors of

CARA OPERATIONS LIMITED:

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Cara Operations Limited and subsidiary companies as at March 31, 1968 and the statements of consolidated earnings and retained earnings for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the accompanying consolidated balance sheet presents fairly the financial position of the companies as at March 31, 1968;
- (b) the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at March 31, 1968 after giving effect to the changes set forth in Note 6; and
- (c) the accompanying statements of consolidated earnings and retained earnings present fairly the results of operations of the companies for the five years ended March 31, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario,
August 19, 1968

(Signed) McDONALD, CURRIE & Co.,
Chartered Accountants

Purchasers' Statutory Rights of Withdrawal and Rescission

The Securities Act, 1967 (Alberta), The Securities Act, 1966 (Ontario) and The Securities Act, 1967 (Saskatchewan) provide, in effect, that where a security is offered to the public in the course of primary distribution, in certain events and subject to certain conditions,

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus offering such security is received or is deemed to be received by the purchaser or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, if the final prospectus and any amended final prospectus offering such security, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such final prospectus or amended final prospectus is received or is deemed to be received by the purchaser or his agent.

Reference is made to Sections 63 and 64 of each of The Securities Act, 1967 (Alberta) and The Securities Act, 1966 (Ontario) and to Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) for the complete text of the provisions under which the above-mentioned rights are conferred.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act of British Columbia for the complete text of the provisions under which the rights of purchasers in British Columbia are conferred.

Certificates

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Dated: August 19, 1968

(Signed) PAUL J. PHELAN
President

(Signed) T. PLEWES
Vice-President-Finance

On behalf of the Board

(Signed) J. BOYD MATCHETT
Director

(Signed) R. E. PHELAN
Director

Directors

(Signed) PAUL J. PHELAN

(Signed) LAWRENCE HYNES

(Signed) T. PLEWES

(Signed) PAUL McLAUGHLIN

(Signed) J. BOYD MATCHETT

(Signed) J. G. WEIR

(Signed) R. E. PHELAN

(Signed) C. A. PHELAN
by his agent
(Signed) LAWRENCE HYNES

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

WOOD GUNDY SECURITIES LIMITED

By: (Signed) R. M. HANBURY

The following includes the names of all persons having an interest directly or indirectly to the extent of not less than 5% in the capital of Wood Gundy Securities Limited: C. L. Gundy, W. P. Scott, W. P. Wilder, J. N. Cole, E. S. Johnston, J. K. McCausland, P. J. Chadsey and J. R. LeMesurier.

THE HISTORY OF THE UNITED STATES

The history of the United States is a subject of great interest and importance. It is a subject which has attracted the attention of many writers and readers. The history of the United States is a subject which has attracted the attention of many writers and readers. The history of the United States is a subject which has attracted the attention of many writers and readers.

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When I was Secretary of the

of the United States

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13.

DIRECTORS AND OFFICERS

The directors and officers of the Company are as follows:

<u>Name</u>	<u>Address</u>	<u>Position and Office Held</u>
Paul James Phelan	8 Old Forest Hill Road, Toronto, Ontario	President and Director
John Boyd Matchett	43 Dunvegan Road, Toronto, Ontario	Executive Vice-President and Director
Thompson Milton Plewes	51 Citation Drive, Willowdale, Ontario	Vice-President-Finance and Director
Robert Eugene Phelan	8 Holmdale Road, Hampstead, Quebec	Vice-President and Director
Lawrence Hynes	161 Glenrose Avenue, Toronto, Ontario	Director
Paul McLaughlin	68 Inglewood Drive, Toronto, Ontario	Director
Charles Alexander Phelan	1780 Dumfries Road, Mount Royal, Quebec	Director
John Gordon Weir	235 Dunvegan Road, Toronto, Ontario	Director
Walter George Fraser	182 Roywood Road, Don Mills, Ontario	Secretary-Treasurer

14.

CERTIFICATE

Pursuant to a resolution passed by the board of directors the applicant Company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange. The undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



CARA OPERATIONS LIMITED

by "T. PLEWES", Vice-President

by "W. G. FRASER", Secretary

15.

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

WOOD GUNDY SECURITIES LIMITED

by "R. M. HANBURY"

DISTRIBUTION OF COMMON STOCK AS OF 25th SEPTEMBER, 1968

Number		Shares
57	Holders of 1 — 24 share lots	675
682	" " 25 — 99 " "	28,290
374	" " 100 — 199 " "	39,825
115	" " 200 — 299 " "	24,550
32	" " 300 — 399 " "	9,930
25	" " 400 — 499 " "	10,000
76	" " 500 — 999 " "	42,420
92	" " 1000 — up " "	1,677,540
<u>1,453</u>	Shareholders	<u>Total Shares 1,833,230</u>

